

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1478 - SB 1152

March 31, 2011

SUMMARY OF BILL: Removes the requirement that interest forfeited by creditors of invalid obligations be directed to the General Fund. Authorizes the Comptroller of the Treasury to assess reasonable costs against local governments for investigation, reporting, and correcting such obligation and requires the Comptroller to report, in public session, investigation findings to the local government holding invalid debt. Authorizes the state funding board to find an individual or party responsible for nonperformance or noncompliance and impose a monetary penalty not to exceed the aggregate amount of interest accreted or accrued on the obligation.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Not Significant/General Fund

Increase State Revenue – \$45,000/TLDA Fund

Increase State Expenditures – Not Significant

Increase Local Expenditures – \$45,000*

Assumptions:

- According to the Comptroller, the forfeiture of interest revenue as a result of invalid obligations to the General Fund does not regularly occur and will not have a significant impact to General Fund revenue.
- According to the Comptroller, the total number of cases in 2010 for which the Comptroller would have assessed a charge pursuant to this bill is approximately 20.
- According to the Comptroller, the investigation and remediation of invalid debt obligations will require 15 hours of staff time at \$150 per hour, resulting in an increase to state revenue to the TLDA Fund of \$45,000 ($\$150 \times 15 \text{ hours} \times 20 \text{ cases}$).
- The Comptroller currently investigates invalid debt obligations. Reporting findings to local governments holding invalid debt will not result in a significant increase to state expenditures.
- Local government expenditures will increase by an amount equal to the increase in state revenue.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/agl